

Message Text

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 5684

C O N F I D E N T I A L JIDDA 5808

EXDIS

FOR THE DEPUTY SECRETARY AND THE UNDER SECRETARY
FOR ECONOMIC AFFAIRS FROM AMBASSADOR PORTER

E.O. 11652: GDS

TAGS: EINV, ENRG, SA

SUBJECT: ARAMCO NEGOTIATIONS WITH SAUDI ARABIA

1. I WOULD LIKE TO COMMENT ON THE MEMORANDUM OF CONVERSATION
BETWEEN YOU AND GARVIN AND HEDLUND OF EXXON, AND FULMAR OF
TEXACO ON JULY 27, 1976.

2. I HAVE NOT RECEIVED INSTRUCTIONS FROM THE DEPARTMENT ON
THE SUBJECT OF OIL PRODUCTION AND PRICES SINCE I ARRIVED HERE,
THOUGH THAT HAS NOT PREVENTED ME FROM LISTENING TO COMMENTS
AND LEARNING A FEW THINGS ABOUT THE PRINCIPAL ACTORS. ONE OF
THE MOST IMPORTANT THINGS I HAVE LEARNED IS THAT BOTH THE
PRINCIPAL OIL COMPANIES AND THE DEPARTMENT HAVE BEEN OVER-
EMPHASIZING YAMANI'S ROLE. THAT IS UNDERSTANDABLE BECAUSE
YAMANI IS OUT FRONT, BUT HE DOES NOT MAKE IMPORTANT POLICY.
FAR FROM IT. HE IS THE SPOKESMAN, REALLY, WHO IS GIVEN
INSTRUCTIONS ABOUT WHAT TO SAY. HE CONTINUES TO SAY IT UNTIL HIS
INSTRUCTIONS ARE CHANGED, AND HE IS ALSO ALLOWED TO TRY ON IDEAS
AND REPORT REACTIONS.

3. WE NOTED HERE THAT WHEN THE CROWN PRINCE WANTED US TO
KNOW THEY HAD DECIDED AGAINST A PRICE RISE LAST SPRING HE SENT
THE MESSAGE DIRECTLY TO US AND NOT THROUGH YAMANI--WHO IN
FACT DID NOT LEARN ABOUT IT UNTIL LATER ALTHOUGH HE PARTICIPATED,
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ALONG WITH OTHER TECHNICAL MINISTERS, IN THE PREPARATORY

DISCUSSIONS. DECISIONS ARE MADE BY THE INEER SIX, WHICH IS GROUP CONSISTING OF THE KING AND HIS RANKING BROTHERS. THEY DIRECT THE TECHNICAL MINISTERS, AFTER LISTENING TO THEM OF COURSE, BUT LATTER ARE NOT ON THE SAME LEVEL, NOR ARE THEY THE ONLY SOURCES OF RELEVANT INFORMATION AND OPINION.

4. THE OIL MEN'S PUZZLEMENT IN DESCRIBING YAMANI'S TACTICS IS UNDERSTANDABLE. HE KEEPS THEM ON THE DEFENSIVE, WHICH IS NOT A BAD TACTIC FROM HIS POINT OF VIEW, AND HIS SUPERIORS HAVE NO OBJECTION TO THAT. BUT THE COMPANY MEN, AND I MIGHT ADD THE DEPARTMENT, SHOULD KEEP IN MIND THAT RECOURSE TO A MORE AUTHORITATIVE LEVEL IS AVAILABLE IF NEEDED. YAMANI SHOULD BE TREATED COURTEOUSLY OF COURSE, AS HE ALWAYS HAS BEEN, BUT PERHAPS NOT WITH THE DEFERENCE TO WHICH HE HAS BECOME ACCUS-TOMED. HE IS ACCORDED AUDIENCE IF HE WANTS IT, BUT THAT IS A VERY FAR CRY FROM CONTROLLING QUESTIONS OF GREAT POLITICAL AND ECONOMIC INTEREST TO THE UNITED STATES. THE SONS OF ABDUL AZIZ ARE TOO CANNY TO LET THE TAIL WAG THE DOG.

5. ONE FINAL COMMENT. I WOULD RECOMMEND THAT THE TOP COMPANY PEOPLE COME HERE OCCASIONALLY TO PAY THEIR RESPECTS TO THE KING AND CROWN PRINCE. PERHAPS THEY HAVE DONE SO, BUT THEY SHOULD REPEAT OFTEN ENOUGH TO BECOME PERSONALLY KNOWN TO THE MONARCH AND HIS HEIR PRESUMPTIVE. THE SMALLER THE GROUP THE BETTER. ONE LIKE THAT WHICH CALLED ON YOU WOULD BE EXCELLENT. THEY SHOULD NOT BE ACCOMPANIED BY USGOVT REPS, AND SUCH VISITS SHOULD NOT INVOLVE BUSINESS DISCUSSIONS UNLESS, OF COURSE, THE SAUDIS INSIST.
PORTER

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